

Compliance Audit

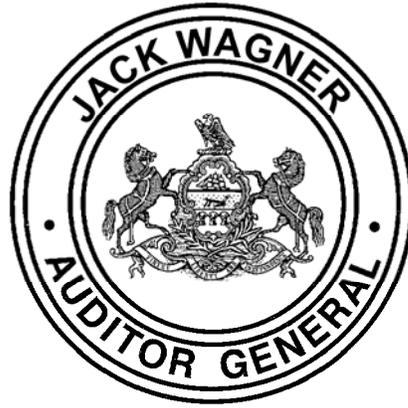
of the

Commonwealth of Pennsylvania  
Department of Public Welfare  
*Franklin County Assistance Office*

Audit Period

June 12, 2004 to April 14, 2006





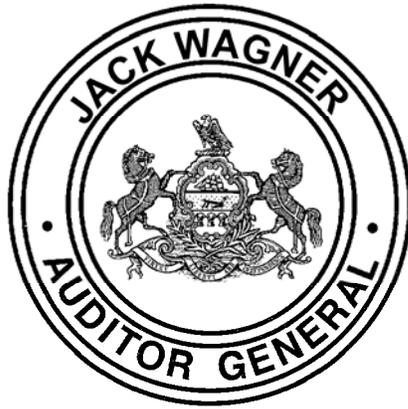
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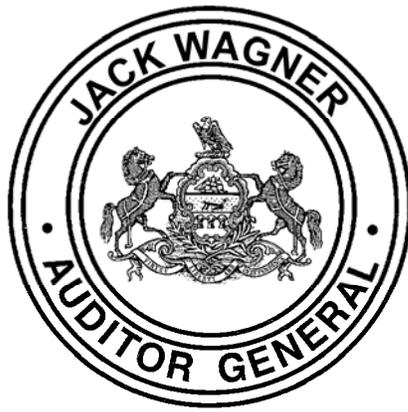
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## **Report of Independent Auditors on Compliance**

The Honorable Edward G. Rendell  
Governor  
Commonwealth Of Pennsylvania  
Harrisburg, Pennsylvania 17120

Dear Governor Rendell:

The Department of Public Welfare, through its County Assistance Offices, determines eligibility for cash assistance, medical assistance, and food stamp benefits according to established policies and procedures. By the authority of Pennsylvania Code, Title 55, Chapter 109, the Department of the Auditor General audits these County Assistance Offices.

This report contains the results of our audit of the Franklin County Assistance Office, covering the period June 12, 2004 to April 14, 2006. Procedures included determining the County Assistance Office's compliance with Department of Public Welfare regulations, governing laws, and administrative rules regarding the disbursement of benefits and the management of the County Assistance Office. We examined, on a test basis, evidence in support of benefits provided, reviewed documentation of County Assistance Office actions and interviewed County Assistance Office personnel and welfare recipients. We also evaluated the Overpayment Control System.

Our report details findings and recommendations that resulted from our eligibility review. No exceptions were disclosed during our review of the Overpayment Control System.

It should be noted, that as a result of Internal Revenue Code §6103, the Department of the Auditor General no longer has access to Income Eligibility Verification System Exchanges 4 and 5. Because this poses a scope limitation, exceptions may exist beyond those disclosed during our audit. In addition, overpayment amounts stated in this audit report are limited by the Department of Public Welfare's Automated Restitution Referral and Computation system, which does not calculate overpayments beyond a two-year period.

This report is intended for the benefit of the Franklin County Assistance Office, Department of Public Welfare officials, and Office of Inspector General officials. It is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

JACK WAGNER  
Auditor General

June 15, 2006

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Franklin County Assistance Office**

**BACKGROUND INFORMATION**  
**AND**  
**OBJECTIVES, SCOPE, AND METHODOLOGY**

## ***Background Information***

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### **Department of Public Welfare**

The Department of Public Welfare (DPW) provides money, Food Stamps, Medical Assistance and other services to needy recipients in Pennsylvania. DPW administers these services locally through a County Assistance Office (CAO), or in larger counties, through a District Office (DO). We conduct audits in all 67 counties throughout Pennsylvania.

DPW, through its Office of Income Maintenance, is responsible for analyzing, interpreting, developing and maintaining the regulatory policy for all federal and state funded public assistance benefit programs. DPW also provides policy clarifications to guide the application of its regulations.

DPW created the Cash Assistance Handbook (CAH), the Food Stamp Handbook (FSH), and the Medicaid Eligibility Handbook (MEH) to provide guidance to income maintenance caseworkers (caseworkers) at the CAOs and DOs. The handbooks give the caseworker direction on how to use financial and non-financial information to determine an individual's eligibility for cash assistance, food stamp, and medical assistance benefits. The CAH provides guidance on Temporary Assistance to Needy Families (TANF) and General Assistance (GA). TANF is a federally-funded program which provides money for dependent children who are needy because financial support is not available from their parents. The payment is made to parents or relatives who care for the children in family homes. GA is a state-funded program which provides money primarily to single individuals and childless couples who do not have enough income to meet their basic needs. The FSH provides guidance for administering the Food Stamp Program which is operated jointly by the U.S. Department of Agriculture, Food and Nutrition Service, and DPW. The MEH provides guidance for administering the Medical Assistance Program to recipients who are eligible for cash assistance, Nonmoney Payment, or Medically Needy Only benefits. DPW makes either direct payment to medical practitioners and vendors of services, medications, and medical supplies, or a capitation payment to contracted managed care organizations.

## ***Objectives, Scope, and Methodology***

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The Department of the Auditor General (Department), Bureau of Public Assistance Audits conducts audits of CAOs to determine compliance with DPW regulations that pertain to recipient eligibility and the disbursement of cash and food stamps. Additionally, the Bureau reviews the CAO's management policies and their implementation as they relate to the areas we audited. Audit reports providing factual, relevant and useful information are then sent by the Auditor General to the Governor, DPW, the Office of Inspector General and certain state legislators.

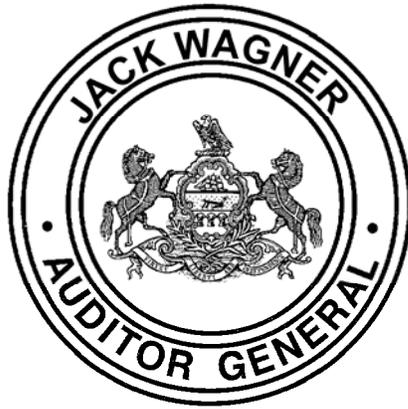
The audit included eligibility reviews of a sample of public assistance cases for the audit period June 12, 2004 to April 14, 2006. We also reviewed the CAO's implementation of procedures for the Overpayment Control System to determine compliance with regulations and policies.

Results from the eligibility reviews of the sample of public assistance cases as well as the procedural reviews apply only to CAO files, records, and systems. However, because DPW establishes the CAO policies and procedures as well as maintains their computer information system, the deficiencies and/or exceptions identified during our audit may need to be corrected by DPW. Therefore, our recommendations are directed to DPW as well as the CAO.

As previously noted, due to Internal Revenue Code §6103, the Department no longer has access to recipient resource information contained on the Income Eligibility Verification System (IEVS) Exchanges 4 and 5. (Exchange 4 contains information from the Social Security Administration (SSA) earnings reference file and Exchange 5 contains information from the Internal Revenue Service unearned income file.) This poses a scope limitation, as the Department cannot ascertain whether the CAO is reviewing information from these two resources as required by Section 1137 of the Social Security Act. Furthermore, without access the Department is unable to verify that the CAO is using all recipient resource information in determining recipient eligibility and calculating benefit amounts.

Review of the public assistance cases detected instances of noncompliance; therefore, we submitted a finding in this area. Review of the Overpayment Control System determined that noncompliance was immaterial; therefore, we submitted no finding in this area.

During the October 17, 2006 exit conference, the Department's staff reviewed this finding and recommendation with the Franklin CAO representatives. We have included CAO personnel comments, where applicable, in this report.



**Commonwealth of Pennsylvania  
Department of Public Welfare  
Franklin County Assistance Office**

**FINDINGS AND RECOMMENDATIONS**

## ***Findings and Recommendations***

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### **I. Eligibility Audit Results**

During the course of our audit, we examined 121 out of 533 cases from the Franklin CAO to determine if personnel properly maintained case records in accordance with DPW's policies and procedures, and properly disbursed authorized benefits to eligible recipients in accordance with the rules and regulations established by DPW. We also notified CAO personnel when we discovered ineligible persons receiving assistance.

Title 55 of the Pennsylvania Code provides criteria for determining public assistance eligibility. Chapter 109 of Title 55 provides for the Department to audit the decisions of the CAOs against the rules and regulations established by DPW.

Our audit included an examination of the case record material as it relates to the proper interpretation and application of the rules and regulations of DPW pertaining to the recipient's eligibility for public assistance. The criteria for our review included, but was not limited to, DPW's:

- Cash Assistance Handbook (CAH);
- Food Stamp Handbook (FSH);
- Supplemental Handbook (SH);
- Income Eligibility Verification System (IEVS) Manual;
- Automated Restitution Referral and Computation (ARRC) Manual;
- Client Information System (CIS) Manual; and
- Operations Memorandum (OPS) & Policy Clarifications.

Our audit disclosed 31 exceptions in 26 of the 121 cases examined. The most significant exceptions are discussed in the following findings:

- Failure To Follow Applicable DPW Procedures (refer to Finding No. 1);
- Failure To Correctly Determine And/Or Calculate Recipient Benefits (refer to Finding No. 2); and
- Failure to Obtain And/Or Document Information Required In Establishing Recipient Eligibility (refer to Finding No. 3).

## ***Findings and Recommendations***

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### **Finding 1 – Failure To Follow Applicable DPW Procedures**

Our audit revealed that exceptions occurred because CAO personnel failed to follow applicable DPW procedures. The most notable exceptions are grouped into the following areas:

- **Income Eligibility Verification System**

IEVS is an automated system developed to provide for the exchange of information between the Pennsylvania Department of Labor and Industry, Office of Employment Security, the SSA and the Internal Revenue Service. IEVS provides information to the caseworker to aid in the determination of eligibility and the amount of the benefit the recipient should receive.

During our audit, we found six instances where CAO personnel failed to correctly and/or timely request, verify and enter proper dispositions on IEVS. These exceptions resulted in improper calculation of benefits totaling \$641 in overpayments.

Chapter 1 of the IEVS Manual provides guidelines to follow when using IEVS.

### **Recommendation**

We recommend that the CAO instruct personnel to review IEVS exchanges for reported and unreported income. We also recommend that CAO personnel review and properly reconcile unreported income so overpayments are correctly identified and initiated through the IEVS system. We further recommend that supervisory personnel review IEVS reports to ensure timely and accurate disposition codes are used.

### **Management Response**

In an October 27, 2006 memorandum to Department personnel, the Franklin CAO Executive Director provided the following response:

“Semi Annual Reporting (SAR) policy was implemented on May 27, 2003. As a result of the new SAR policy, several modifications were made to Income Eligibility Verification System (IEVS) procedure. A SAR refresher training which included the changes to IEVS policy was held in the fall of 2005 with all Income Maintenance Caseworkers and

## ***Findings and Recommendations***

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Income Maintenance Casework Supervisors. The CAO management feels that this training corrected any confusion that resulted from the implementation of SAR policy and change in IEVS procedure.”

### **Finding 2 - Failure To Correctly Determine Recipient Benefits**

Our audit disclosed that CAO personnel incorrectly determined eligibility amounts for special allowances.

A special allowance is a cash payment authorized for supportive services necessary to enable an Employment and Training Program participant to prepare for, seek, accept, or maintain education, employment, or training. Special allowances are not covered by the regular public assistance grant. As determined by the caseworker, a participant in this program is eventually required to register for work.

Special allowances for childcare were issued to recipients to attend training and work-related activities. Four exceptions occurred when CAO personnel incorrectly calculated the childcare special allowance, or recipients received special allowances for which they were not entitled. These exceptions resulted in \$222 in overpayments and an underpayment of \$36.

The CAH and FSH provide policies and procedures to follow for determining special allowance requirements.

### **Recommendation**

We recommend that the CAO ensure that personnel are properly trained to determine cash and food stamp benefits. We also recommend that the CAO consider all income and allowable deductions when completing the budgeting process.

### **Management Response**

In an October 27, 2006 memorandum to Department personnel, the Franklin CAO Executive Director provided the following response:

“These errors were the result of a misinterpretation of policy in the TANF

## ***Findings and Recommendations***

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unit with regard to non-traditional hours of child care. TANF supervisors held a training session in May 2006 with the TANF unit to review traditional hours and non-traditional hours of child care. As of November 1, 2006, child care payments will be issued by Child Care Information Service (CCIS) as a result of CCIS Unification. The TANF workers will be trained by TANF supervisors on October 31, 2006 with revised child care issuance policy. The TANF unit will only be responsible for determining eligibility for TANF benefits as of November 1, 2006, payments will be issued by CCIS workers.”

### **Finding 3 - Failure To Obtain And/Or Document Information Required In Establishing Recipient Eligibility**

During our audit, the verification for establishing recipient eligibility was absent from examined case records which resulted in eight exceptions. Case records and/or CIS information lacked detailed documentation of recipient and CAO actions. Specifically, the social security numbers of Legally Responsible Relatives (LRRs) were known to the CAO, but not entered into the IEVS.

The CAH, FSH, and IEVS Manual, Chapter 1, establish the procedures to be followed when obtaining and documenting recipient eligibility.

These eight exceptions occurred because caseworkers failed to review application forms with clients. Also, weak internal controls exist for interviewing applicants and entering LRRs social security numbers into IEVS at application and reapplication. Failure to maintain current documentation in case records contributed to poor case management.

#### **Recommendation**

We recommend CAO supervisors instruct caseworkers to follow established DPW policies and procedures for updating the IEVS system in the above cited handbooks.

#### **Management Response**

In an October 27, 2006 memorandum to Department personnel, the Franklin CAO Executive Director provided the following response:

## ***Findings and Recommendations***

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“With the implementation of PACSES, additional Legally Responsible Relative information is input by the Domestic Relations Office into the Pennsylvania Child Support Information System (PASCES). Income Maintenance Caseworkers should be reviewing PASCES prior to processing a reapplication to identify social security numbers unknown to the Income Eligibility Verification System. This requirement was reviewed by TANF supervisors at unit meetings in May 2006. When completing the Comprehensive Supervisor Reviews for the period November 2006 through March 2007, TANF supervisors will be checking PASCES and IEVS for compliance of the LRR/IEVS requirement. The manager will monitor throughout this period on a monthly basis to identify if additional corrective action is required in April 2007.”

### **Status of Prior Audit Finding**

#### **Overpayments and Other Deficiencies Totaling \$16,513 Occurred as a Result of Recipients Withholding Information and Case Record Maintenance Exceptions**

Our current audit covering the period June 12, 2004 to April 14, 2006 disclosed that inadequate/incorrect recipient information and case record management exceptions continue to occur at the Franklin CAO; therefore, a repeat finding is warranted. Refer to Findings 1, 2, and 3 located on pages 9 through 11 for additional discussion on these issues.

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Franklin County Assistance Office**

**STATUS OF PRIOR AUDIT FINDING**

## ***Status of Prior Audit Finding***

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### **Untimely Verification and Referral of Overpayments and Over-Issuances Totaling \$15,927 and Overstated Overpayments Totaling \$1,612 Occurred as a Result of Procedural Deficiencies in the Overpayment Control System**

Exceptions noted resulted from CAO personnel failure to:

- Process overpayments which contained errors; and
- Complete Overpayment Referral Data Input forms timely.

The prior audit period covered May 23, 2002 to June 11, 2004 and we reviewed 222 cases. The prior response to this finding indicated DPW and CAO personnel agreed with our recommendations and initiated corrective actions.

No finding or observation was noted in our current audit.

**Commonwealth of Pennsylvania  
Department of Public Welfare  
Franklin County Assistance Office**

**AUDIT SUMMARY  
GLOSSARY  
AND  
APPENDIX**

***Audit Summary***

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**Eligibility Audit Results**

	<b>Cases at CAO</b>	<b>Cases Reviewed</b>	<b>Cases with Errors</b>
<b><u>Current</u></b>	<b>533</b>	<b>121</b>	<b>26</b>
<b><u>Prior</u></b>	<b>533</b>	<b>273</b>	<b>57</b>

## ***Glossary***

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### **Administrative Underpayment:**

Cash and/or food stamp benefits to which recipients were entitled but did not receive because of County Assistance Office error.

### **Case Closure:**

Equal to one month of cash and/or food stamp benefits that were not paid/issued to recipients as a result of the Department's audit establishing recipient ineligibility.

### **Client Information System:**

The on-line data base which contains the information necessary to authorize cash, Medicaid, and food stamps.

### **Closed Case:**

A case that is no longer being issued welfare benefits.

### **Countable Income:**

Income that is not exempt or excluded from benefit determination.

### **Legally Responsible Relative:**

A spouse or the biological or adoptive parent of a TANF dependent child, a TANF minor parent, or a GA unemancipated minor child under age 19 or a GA minor parent. This term does not include putative fathers.

### **Reimbursement:**

Money owed by recipients for cash benefits they received while waiting for a lump sum payment from sources such as a lawsuit, insurance, Supplemental Security Income, etc.

### **Supplemental Security Income (SSI):**

A federal program funded by general tax revenues and administered by the Social Security Administration. Provides cash to aged, blind, and disabled persons who have little or no income to meet basic needs for food, clothing, and shelter. Received in lieu of cash grants from Public Welfare; however, SSI recipients can qualify for food stamps and medicare. Both children and adults can qualify for SSI.

### **Support Pass-Through:**

An increase in the recipient's cash benefits which occurs when the Domestic Relations Office forwards child support money for recipients to the Department of Public Welfare. Because food stamp benefits are based on a recipient's income, this increase in cash benefits may result in a concurrent, but not equal, decrease in the recipient's food stamps.

## *Appendix*

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### Abbreviations Used in Report

ARRC	Automated Restitution Referral and Computation System
CAH	Cash Assistance Handbook
CAO	County Assistance Office
CCIS	Child Care Information Service
CIS	Client Information System
DO	District Office
DPW	Department of Public Welfare
FSH	Food Stamp Handbook
GA	General Assistance
IEVS	Income Eligibility Verification System
LRR	Legally Responsible Relative
MEH	Medicaid Eligibility Handbook
OPS	Operations Memorandum
PACSES	Pennsylvania Child Support Information System
SAR	Semi-Annual Reporting
SH	Supplemental Handbook
SPT	Support Pass-Through
SSA	Social Security Administration
SSI	Supplemental Security Income
TANF	Temporary Assistance to Needy Families

## ***Audit Report Distribution List***

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This report was originally distributed to the following:

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### County Assistance Office

Corinne Weist  
Executive Director  
Franklin County Assistance Office

Charles Naddeo, Chairman  
Franklin County Board of Assistance

This report is a matter of public record. Copies of this report may be obtained from the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, PA 17120. If you have any questions regarding this report or any other matter, you may contact the Department by accessing our website at [www.auditorgen.state.pa.us](http://www.auditorgen.state.pa.us).